



July 2006

2007-09 HECB Higher Education Operating Budget Recommendations: Budget Development Approach

Introduction

The fiscal committee believes the objective of the Higher Education Coordinating Board's (HECB) 2007-09 operating budget recommendations for public higher education is to enhance the capacity, effectiveness, and accountability of the state's higher education resources.

To arrive at these recommendations, the fiscal committee is proposing a ***Policy – Priority – Budgeting Matrix*** to identify, evaluate, and prioritize institutional operating budget requests, as well as HECB statewide initiatives.

The matrix identifies four specific budget priorities, each derived from the goals of the board's *2004 Strategic Master Plan for Higher Education*. Additionally, the matrix identifies two alternative funding levels/scenarios to assist in developing the budget recommendations.

The fiscal committee has endorsed the proposed budget development approach and the use of the ***Policy – Priority – Budgeting Matrix***. Board members are asked to review and discuss the proposed approach at their July 2006 meeting. If endorsed by the board, the staff will use this approach in preparing the 2007-09 HECB higher education operating budget recommendations for discussion and action at the board's October meeting in Yakima.

Priorities for the HECB's 2007-09 Budget Recommendations

The fiscal committee has identified **operating budget priorities** for the 2007-09 biennium, each of which relates to the goals of the strategic master plan:

- ***Goal 1: Increase opportunities for students to earn degrees; and***
- ***Goal 2: Respond to the state's economic needs.***

From the goals and initiatives outlined in the strategic master plan, four statewide budget priorities for the 2007-09 biennium were identified:

- *Ensuring affordability and access for students;*
- *Responding to state and regional program needs;*
- *Maintaining academic quality; and*
- *Promoting institutional excellence and accountability.*

Budget request items will be assigned to each of the four categories, and then prioritized within those categories.

HECB 2007-09 Alternative Funding Levels

Two alternative funding levels were identified to help evaluate and prioritize expenditure requests and needs. The two levels of higher education investment for the 2007-09 biennium are:

- *Level 1: Enhancing Quality, Access, and the State's Competitiveness; and*
- *Level 2: Building a Foundation for Excellence.*

The fiscal committee is currently exploring with agency staff a variety of methods that can be used to arrive at the specific revenue amounts within each alternative funding level.

HECB 2007-09 Operating Budget Recommendations Policy – Priority – Budgeting Matrix

Goals of the Strategic Master Plan for Higher Education

Goal 1: Increase opportunities for students to earn degrees

Goal 2: Respond to the state's economic needs



HECB 2007-09 Operating Budget Priorities

**Ensuring Affordability
and Access for Students**

**Responding to State
and Regional
Program Needs**

**Maintaining
Academic Quality**

**Promoting Institutional
Excellence and
Accountability**

Funding Level 1: Enhancing Quality, Access, and the State's Competitiveness

Estimated Cost: \$412.9 million

Includes:

Additional maintenance level adjustments and policy level enhancements to incrementally implement strategic master plan goals and other state and institutional priorities/needs.

Funding
Assumption:

1. Higher education receives the same proportionate increase in state General Fund appropriations over the 2007-09 carryforward as received in the 2005-07 biennium, plus 50%.

Policy
Assumptions (final
matrix will reflect
specific funding
recommendations
covering these
topics)

1. Increasing degree production by increasing general enrollment and high-demand enrollment;
2. Responding to the state's economic needs by (1) increasing degree production in high-demand and high-need fields through funding for targeted enrollments and (2) supporting research activities that will contribute to state competitiveness;
3. Keeping college affordable through limited tuition increases (resident undergraduates only);
4. Improving quality through faculty compensation increases;
5. Funding of additional, selected maintenance level adjustments;
6. Promoting opportunity through student financial assistance programs; and
7. Promoting student success through greater accountability.

	HECB 2007-09 Operating Budget Priorities			
	Ensuring Affordability and Access for Students	Responding to State and Regional Program Needs	Maintaining Academic Quality	Promoting Institutional Excellence and Accountability
HECB Statewide Initiatives <i>(Note: these are examples only)</i>	1. Increase number of degrees produced by beginning to close the gap between Washington's participation rates and the national average (by 10%) <i>(Estimated Cost: \$XX million)</i> 2. Expand SNG eligibility <i>(Estimated Cost: \$XX million)</i>	1. Increase number of high-demand degrees produced <i>(Estimated Cost: \$XX million)</i>	1. Faculty compensation increase <i>(Estimated Cost: \$XX million)</i>	1. Accountability/performance incentive funds <i>(Estimated Cost: \$XX million)</i>
HECB Institutional Recommendations	1. Institutional Decision Package 2. Institutional Decision Package 3. Institutional Decision Package	1. Institutional Decision Package 2. Institutional Decision Package	1. Institutional Decision Package 2. Institutional Decision Package	1. Institutional Decision Package

	HECB 2007-09 Operating Budget Priorities			
	Ensuring Affordability and Access for Students	Responding to State and Regional Program Needs	Maintaining Academic Quality	Promoting Institutional Excellence and Accountability
<p align="center">Funding Level 2: Building a Foundation for Excellence <i>Estimated Cost: \$619.4 million</i></p>				
Includes:	Policy enhancements to realize strategic master plan goals by 2010-11, and other state and institutional priorities/needs.			
Funding Assumption:	1. Higher education receives the same increase in state General Fund appropriations as in Funding Level 1, plus 50%.			
Policy Assumptions:	1. Increasing degree production by increasing general enrollment and high-demand enrollment; 2. Responding to the state's economic needs by (1) increasing degree production in high-demand and high-need fields through funding for targeted enrollments and (2) supporting research activities that will contribute to state competitiveness; 3. Keeping college affordable through limited tuition increases (resident undergraduates only); 4. Improving quality through faculty compensation increases; 5. Funding of additional, selected maintenance level adjustments; 6. Promoting opportunity through student financial assistance programs; 7. Promoting student success through greater accountability; 8. Helping transfer students earn bachelor's degrees; and 9. Helping students make the transition to college.			

	HECB 2007-09 Operating Budget Priorities			
	Ensuring Affordability and Access for Students	Responding to State and Regional Program Needs	Maintaining Academic Quality	Promoting Institutional Excellence and Accountability
HECB Statewide Initiatives <i>(Note: these are examples only)</i>	1. Increase number of degrees produced by beginning to close the gap between Washington's participation rates and the national average (by 20%) <i>(Estimated Cost: \$XX million)</i> 2. SNG eligibility increase <i>(Estimated Cost: \$XX million)</i> 3. Stabilize GEAR UP scholarship funding <i>(Estimated Cost: \$XX million)</i> 4. EOG: Create opportunities for students to earn degrees <i>(Estimated Cost: \$XX million)</i>	1. Increase number of high-demand degrees produced <i>(Estimated Cost: \$XX million)</i> 2. Statewide student advising system <i>(Estimated Cost: \$XX million)</i> 3. Data-driven policy development <i>(Estimated Cost: \$XX million)</i> 4. College readiness projects <i>(Estimated Cost: \$XX million)</i>	1. Faculty compensation increase <i>(Estimated Cost: \$XX million)</i>	1. Accountability/performance incentive funds <i>(Estimated Cost: \$XX million)</i>

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